

August 17, 2000

SUBJECT: Business and Industry Guaranteed and Direct Loan Programs  
Funding Activity Status Report - July 2000

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This replaces the Unnumbered Letter dated August 4, 2000, "Business and Industry Guaranteed Loan Program Funding Activity Status Report - July 2000."

This is in response to requests for information regarding the Business and Industry (B&I) Guaranteed Loan Program National Office Reserve funding activities. The amount available in each category at the beginning of July and the balances currently available are as follows:

- ! Guaranteed Unrestricted Reserve: beginning \$29,372,364.28, ending \$7,483,364.28
- ! Cooperative Financing Set Aside: beginning \$29,850,020, ending \$8,992,000
- ! Federal Home Loan Bank: beginning \$3,835,000, ending \$935,000
- ! Special Initiatives: beginning \$11,254,500, ending \$7,615,634
- ! Direct Reserve: beginning \$35,208,700, ending \$30,679,700

The Unrestricted Reserve beginning balance was increased by the transfer of the remaining half of pooled dollars in the Cooperative Financing Set Aside (\$16,478,020) and deobligations totaling \$1,080,000.

There were 9 projects, totaling \$21,889,000, authorized for funding from the National Office Reserve for the month of July. The project priority scores ranged from 63 to 75 points. The total requests for the National Office Reserve funding totaled \$128,348,698 for 63 projects, which ranged from 31 to 75 points. The projects approved for funding are as follows:

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

|   |    |                                      |
|---|----|--------------------------------------|
| ! | DE | Lifestyle Documents Management, Inc. |
| ! | UT | K & D Forest Products, Inc.          |
| ! | KY | P C Land, LLC                        |
| ! | HI | Hamakua Macadamia Nut Company        |
| ! | ND | Wahpeton Community Development       |
| ! | TX | Holmes Foods, Inc.                   |
| ! | KY | Wisdom Fishing Camp Company          |
| ! | MA | Aprons Unlimited, Inc.               |
| ! | CT | Milltown Properties, LLC             |

As a reminder, thoroughly documented justifications for additional points to be awarded by the Administrator, and those awarded by the State Director, must be included when you submit any request for National Office Reserve authority.

States should contact the lenders to advise them of funding decisions and determine if the lender wants projects to be reconsidered in the next monthly funding cycle. States are responsible for notifying Lori Pittman Washington ([lori.pittman@usda.gov](mailto:lori.pittman@usda.gov)) when lenders do not wish further consideration to be given to their project in the next monthly funding cycle. Also, please send an e-mail copy of all B&I activity, including the project name and dollar amount in the Special Initiatives this fiscal year, to Lori Pittman Washington.

**A total of \$5,548,625 has now become available for funding 1 percent guarantee fee projects. This funding will be made available on a first-come first-serve basis until expended.**

If you have questions on the information provided, please contact the Business Programs Processing Division directly, (202) 690-4100.

*(Signed by William F. Hagy III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Sent by facsimile transmission on 08-22-00 @ 2:16 pm by SSD.  
State Directors should notify other officials as appropriate.

August 1, 2000

SUBJECT: Rural Business-Cooperative Service Financial Assistance  
Cider Pasteurization Equipment/ULV Equipment for Small Orchards

TO: Selected State Directors, Rural Development \*

In a recent meeting with August Schumacher, Jr., Under Secretary for Farm and Foreign Agricultural Services, we discussed ways our two mission areas might work together to assist small family apple producers in upgrading their cider operations or organizing together to meet future Food and Drug Administration (FDA) requests for pasteurized/ULV treatment of apple cider. This ability for their small apple farmers to be able to continue to sell fresh cider is essential if they are to continue in business.

With about 10,000 family apple orchards in the United States, over 1,000 orchards have some type of value-added apple processing located on the farm to make cider, pies, turnovers, doughnuts, applesauce, and apple butter. For those with cider operations, FDA has temporarily exempted cider makers with operations of less than 40,000 gallons (10,000 bushels of apples) from pasteurizing their cider so long as they label their fresh cider with a warning label for children, elders, and persons with vulnerable immune systems. When new regulations come from FDA, it is unlikely that warning labels will be permitted for these small operations in the future. Therefore, small apple operations will be forced to shutdown, because they will not be able to afford new investments in cider pasteurization/ULV equipment.

I am requesting that you meet with the Farm Service Agency (FSA) Executive Director and discuss ways our programs might be able to assist these small apple producers in your state. In many cases, FSA State Executive Directors have already assembled names and addresses of cider producers. We also understand that several states have a Cider Guild or Cider Association that might be conduits for advising small apple producers of the availability of our programs and how these programs might be of assistance in the financing of subject. As you are aware, small farmers are a target group identified in the Rural Business-Cooperative Service (RBS) Administrator's Priority Goals for this fiscal year.

EXPIRATION DATE:  
December 31, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

Please provide a written report of your efforts in working with FSA within your state concerning this issue. This report should be provided to the RBS National Office, Attention: William F. Hagy III, Deputy Administrator, Business Programs, **by August 30, 2000.**

If you have any questions, please contact Bill Hagy directly, (202) 720-7287.

*(Signed by Inga Smulkstys)*

*for*  
JILL LONG THOMPSON  
Under Secretary  
Rural Development

\* AZ, AR, CA, CO, CT, DE, GA, ID, IL, IN, IA, KS, KY, ME, MD, MA, MI, MN, MO, NH, NJ, NM, NY, NC, OH, OR, PA, RI, SC, TN, UT, VT, VA, WA, WV, and WI

Sent by facsimile on 08-01-00 at 3:24 p.m. by SSD.  
State Directors should notify other officials as appropriate.

July 20, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
Funding Activity Status Report - June 2000

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This is in response to requests for information regarding the Business and Industry (B&I) Guaranteed Loan National Office Reserve funding activities. The amount available in each category at the beginning of June and the balances currently available are as follows:

- ! Guaranteed Unrestricted Reserve: beginning \$42,303,759.28, ending \$11,814,344.28
- ! Direct Reserve: beginning \$57,750, ending \$35,190,950
- ! Cooperative Financing Set Aside: beginning \$82,853,040, ending \$29,850,020
- ! Federal Home Loan Bank: beginning \$8,035,000, ending \$3,835,000
- ! Special Initiatives: beginning \$11,254,500, ending \$11,254,500
- ! EZ/EC and REAP: beginning \$982,138.26 ending \$1,401,000.26

Please note that June 30, 2000, the following dollars were pooled in each category:

- ! Cooperative Financing Set Aside: \$32,956,040
- ! EZ/EC and REAP: \$1,401,000.26
- ! Direct Reserve: \$35,173,200

In the Cooperative Financing Set Aside \$13,372,000 was held to fund applications on hand before September 1, 2000, and \$16,478,020 of the pooled funds will be made available to fund projects in each of the months of June and July. The EZ/EC and REAP Earmark pooled dollars are the result of two deobligations that occurred in June in which there weren't any requests in the National Office for this type of funding prior to the June 30, 2000, pooling. The Direct Reserve dollars prior to pooling totaled \$17,750.

There were 18 projects, totaling \$30,489,415, authorized for funding from the National Office Reserve for the month of June. The project priority scores ranged from 60 to 83 points.

EXPIRATION DATE:  
July 31, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

The total requests for the National Office Reserve funding totaled \$116,276,219; 63 projects, which ranged from 31 to 83 points. There was a deobligation that totaled \$840,000. A total of \$5,548,625 is available to fund 1 percent guarantee fee projects. The projects approved for funding are as follows:

|   |    |                               |
|---|----|-------------------------------|
| ! | HI | Big Island Abalone Corp.      |
| ! | AR | Cypress Chemical              |
| ! | CA | Asilomar Management Co.       |
| ! | MD | G.W. Clark, LLC               |
| ! | TX | Dickenson Memorial Hospital   |
| ! | HI | Unitek Solvent Services, Inc. |
| ! | CA | Pennywise Travel Plaza        |
| ! | ND | Harvey Building Dev.          |
| ! | TX | Higg Acquisition, Ltd.        |
| ! | GA | FT&D International, Ltd.      |
| ! | AK | Bettles Lodge, Inc.           |
| ! | AK | Nugget Construction, Inc.     |
| ! | FL | Water Management Services     |
| ! | OK | OKC West Livestock Market     |
| ! | HI | C.M.U. & Associates, Inc.     |
| ! | KS | Balaji Enterprises, LLC       |
| ! | MA | Radant Technologies, Inc.     |
| ! | TX | Warner Bailey                 |

As a reminder, thoroughly documented justifications for additional points to be awarded by the Administrator, and those awarded by the State Director, must be included when you submit any request for National Office Reserve authority.

States should contact the lenders to advise them of funding decisions and determine if the lender wants projects to be reconsidered in the next monthly funding cycle. States are responsible for notifying Lori Pittman ([lori.pittman@usda.gov](mailto:lori.pittman@usda.gov)) when lenders do not wish further consideration to be given to their project in the next monthly funding cycle. Also, please send an e-mail copy of all activity done in Special Initiatives to Lori Pittman.

If you have questions on the information provided, please contact the Business Programs Processing Division directly, (202) 690-4100.

*(Signed by William F. Hagy III)*

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Sent by facsimile transmission on 7/20/00 @ 3:00 p.m. by SSD.  
State Directors should notify other officials as appropriate.

June 29, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
Distribution of Fees Received from North American Development Bank  
Community Adjustment and Initiative Program

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This is to provide information to you on distribution of the Fiscal Year (FY) 1999 fee income from the North American Development Bank Community Adjustment and Investment Program (CAIP) to the applicable States, Budget, Finance Office, and my office.

Substantial portions of the work attributable to originating CAIP loans and achieving funding from the Finance Committee are borne by both the National Office and the State Offices. Extensive advice and consultation provided by National Office staff to the states, as well as extensive work with the Finance Committee, was nearly half the direct work required to originate a loan during FY 1998. This decreased somewhat in FY 1999, as many State Offices acquired extensive experience with the program, while new states began their participation.

The following per-loan data on making Business and Industry (B&I) Guaranteed Loans is based on a pilot work measurement study conducted by Unisys-Grant Thornton (Grant Thornton), with some adjustments to reflect the extra effort in the field and the National Office to prepare and present complete CAIP clearance packages, and in the Finance Office for manual processing and reporting. Following is the percentage distribution of the \$2000 received per loan:

EXPIRATION DATE:  
July 31, 2001

FILING INSTRUCTIONS:  
Community/Business Programs

### CAIP Loanmaking

| States     |          | National Office:  |            |                 | Finance Office | Total                  |
|------------|----------|-------------------|------------|-----------------|----------------|------------------------|
|            |          | Business Programs |            | Budget Division |                |                        |
| Loanmaking | Outreach | Hours             | CAIP Hours | CAIP Hours      | Hours          | (Hours/Percent/Amount) |
| 72 Hours   | 3 Hours  | 7.9               | 5          | 1               | 0.8            | 89.7                   |
| 80.3%      | 3.3 %    | 8.8%              | 5.6%       | 1.1%            | 0.9%           | 100.0%                 |
| \$1,672    |          | \$288             |            | \$22            | \$18           | \$2,000                |

Again, using adjusted per-loan data on servicing B&I Guaranteed Loans developed during the same pilot study, the \$500 per loan is being distributed as follows:

### CAIP Loan Servicing

| States         |          | National Office:<br>Business Programs |            | Finance Office | Total                  |
|----------------|----------|---------------------------------------|------------|----------------|------------------------|
| Loan servicing | Outreach | Hours                                 | CAIP Hours | Hours          | (Hours/Percent/Amount) |
| 74             | 3        | 7.9                                   | 2          | 1.3            | 88.2                   |
| 83.9%          | 3.4%     | 8.9%                                  | 2.3%       | 1.5%           | 100.0%                 |
| \$436.50       |          | \$56.00                               |            | \$7.50         | \$500.00               |

While the \$2,000 reimbursement per-loan-made somewhat approximates actual Rural Business-Cooperative Service (RBS) expenses, the \$500 per year for loan servicing is much less than actual cost. We will continue to press for an increase.

Notwithstanding your regular entry of data into either the Rural Community Facilities Tracking System (RCFTS) or the accounting system, it is important that you report the dates of obligations, loan closings, de-obligations, delinquencies, etc. to Steve Levy *directly*, and as soon as possible, to assure RBS is reimbursed the full amounts due from CAIP and so appropriate amounts are distributed to each entity.

**Travel:** All travel reimbursements will be given to the states in direct proportion to the number of loans outstanding.



**Non-Performing Loan Servicing:** In the event of a non-performing/delinquent loan, 50 percent of the higher fees (due under the MOU) would each go to states and the Office of the Deputy Administrator, Business Programs.

Accordingly, this is the per loan distribution for loans made:

### **Loanmaking**

First year fees:

- 83.6 percent of the \$2000 paid: To states for loan origination  
To DABP 288.00  
To Budget 22.00  
To Finance Office 18.00

### **Loan Servicing**

First and Subsequent year fees:

- 87.3 percent of the \$500 paid: To states for first year servicing  
To DABP 56.00  
To Budget 0.00  
To Finance Office 7.50

### **Travel**

- 100 percent of the \$200 paid goes to state for travel 200.00

### **Non-Performing/Delinquent Loan Servicing**

- 50 percent of increased servicing fees for delinquent or repurchased loans to states; 50 percent to Deputy Administrator, Business Programs; base servicing still distributed as above.
- In several instances, we have charged origination fees to CAIP for loans which have later been deobligated due to withdrawal by the applicant or inability of the applicant to close the loan, through no fault of RBS. We are not distributing these to the states in FY 1999. The Finance Committee has never discussed the collection of these fees by RBS - although we have called them to their attention over the past year. It is not clear whether the Finance Committee will request the return of these funds; therefore, they are not being distributed at this time.

The distribution above results in a state receiving \$2,308.50 in the first year for each loan closed; Deputy Administrator, Business Programs, \$344; Budget receiving \$22; and the Finance Office getting \$25.50; all from first-year fees. States receive a higher percentage, but lower amount, of subsequent year fees. Budget will distribute these funds, with the total due to each State rounded to the nearest \$100.

**Fee Distribution:**

Distributions have been calculated on the basis of obligations alone for origination fees and on closing dates for servicing and travel fees. If a loan was obligated in FY 1999 but did not close until FY 2000, NO servicing or travel fee is earned until FY 2000. Budget will advise you of the amount due to your state. If you have not originated any CAIP loans, no funds are being distributed to your state.

We are presently working with Budget to develop an effective mechanism to transfer these funds to your accounts, and we expect to do this by June 30, 2000. For FY 2000, we expect to use the same procedures to distribute funds and plan to do this distribution on a regular basis.

If you have any questions regarding how we calculated the distribution of fees, please contact Steve Levy directly, (202) 720-5044.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

June 6, 2000

SUBJECT: Debt Collection Improvement Act of 1996  
Public Law 104-134

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This memorandum replaces the March 31, 2000, memorandum, same subject, to include an RD form that addresses the question of whether an applicant has a delinquent debt to the Federal Government. Please discard the previous memorandum.

The purpose of this memorandum is to remind the State Offices that the provisions of the Debt Collection Improvement Act of 1996 (DCIA) mandated a new eligibility requirement for persons seeking Federal financial assistance, namely that delinquent Federal debtors are ineligible for Federal direct and indirect loan assistance (other than disaster loans). Federal financial assistance includes direct loans or loan guarantees administered by the Agency. DCIA does not pertain to grants. A recipient is not ineligible for Federal grants because of delinquencies. However, the grant funds may be offset to recover the delinquency.

Prior to making any Federal loan or guarantee, the law requires the Agency to determine whether an applicant has delinquent indebtedness, as determined under standards prescribed by the Secretary of the Treasury, with any Federal agency, except a debt under the Internal Revenue Code of 1986. Under DCIA, the Agency must deny credit to a delinquent debtor unless the requirement is waived by the head of the Department or the Department Chief Financial Officer. Nothing in the statute, however, requires an agency to grant Federal financial assistance if denial otherwise is authorized by statute, regulations, or agency policies and procedures.

A delinquent Federal debt shall cause the applicant to be ineligible to receive any non-disaster loan. Such an applicant may obtain additional loans or loan guarantees only after such delinquency is resolved. For DCIA purposes, a person's delinquent debt is resolved only if the debtor:

1. pays or otherwise satisfies the delinquent debt in full;

EXPIRATION DATE:  
March 31, 2001

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Community/Business Programs

2. pays the delinquent debt in part if the creditor agency accepts such part payment as a compromise in lieu of payment in full;
3. cures the delinquency under terms acceptable to the creditor agency in that the person pays any overdue payments, plus all interest, penalties, late charges, and administrative charges assessed by the creditor agency as a result of the delinquency; or
4. enters into a written repayment agreement with the creditor agency to pay the debt, in whole or in part, under terms and conditions acceptable to the creditor agency.

For purposes of the bar on delinquent borrowers imposed by the DCIA, the fact that an applicant is a guarantor on another loan is irrelevant unless the applicant/guarantor has become responsible for repaying a loan co-signed or guaranteed and the loan becomes delinquent. In the event the applicant/guarantor becomes responsible for the loan, any delinquency should appear on the borrower's credit report. Any person owing a delinquent debt is ineligible for additional Federal financial assistance whether applying for such assistance as a direct borrower or as a guarantor.

Applicants are barred from obtaining Federal assistance in cases where stockholders or limited partners, as individuals, own controlling interests in companies and the company or any individual with controlling interest is delinquent on a non-tax debt to the United States. Controlling interest is usually defined as 20 percent or greater.

Under DCIA, a debt is not in delinquent status if the creditor agency has released the person seeking Federal financial assistance from the obligation to pay the debt. A person may be released if the person has paid the debt in an amount acceptable to the creditor agency (compromise settlement), the debt was determined not to be owed, or for other reasons.

A debt is delinquent for DCIA purposes when the debt has not been paid within 90 days of the due date. The 90-day provision protects against an applicant being denied financial assistance merely because of a late payment or an untimely posting by the Finance Office.

An applicant seeking Federal financial assistance, and who is the subject of or has been discharged in a bankruptcy proceeding, and is current on any court-authorized repayment plan, is not barred from receiving Federal financial assistance and should be considered under the normal loanmaking decision process. Prudent credit decisions are based on an in-depth analysis of the applicant's current financial and legal condition. Research and

consultation with your Regional Attorney may be required in order to make an informed decision regarding extending credit when an applicant is in bankruptcy. If the existence of the debt or the Agency determines that the debt that is delinquent is being challenged under an ongoing appeal or contested judicial proceeding, the Agency may defer the credit-making decision until the appeal process is completed.

We have reviewed all standard Business Programs application forms, and SF 424, "Application for Federal Assistance;" SF 424-1, "Application for Federal Assistance (For Non-Construction);" SF 424-2, "Application for Federal Assistance (For Construction);" and Form RD 4274-1, "Application for Loan (Intermediary Relending Program)," address the question of whether an applicant has a delinquent debt to the Federal Government. All other applications will, prior to loan approval, require the lender to certify that the applicant and any stockholder or limited partner with controlling interest does not have a delinquent Federal indebtedness. It is the lender's responsibility to obtain the necessary certification(s).

Additional information on DCIA is available on the Internet at <http://www.fms.treas.gov>.

If you have questions, please contact the Business Programs Servicing Division, (202) 690-4103.

DAYTON J. WATKINS  
Administrator  
Rural Business-Cooperative Service

May 18, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
Funding for Loans with One Percent Guarantee Fees

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This is to advise you that all guarantee authority for Business and Industry (B&I) Guaranteed Loans with a 1 percent guarantee fee has been exhausted for Fiscal Year (FY) 2000, except for \$1,209,140, which is being held.

Not more than 7 percent of the total national appropriation of B&I guarantee authority was available for loans with a 1 percent guarantee fee. Effective with the May funding list, we have allocated \$58,290,860 of loans with a 1 percent fee. There were four projects which requested a 1 percent fee that we could not accommodate. We are attempting to see if additional guarantee authority with a 1 percent fee could be made available this fiscal year, but we do not have any information on that at this time. Should additional authority for 1 percent fees become available, we will contact you. Please advise any lenders currently working on applications with a 1 percent fee that, until further notice, we do not have 1 percent guarantee authority available for the balance of FY 2000.

If you have any questions, please contact the Business Programs Processing Division at (202) 690-4100.

DAYTON J. WATKINS  
Administrator  
Rural Business-Cooperative Service

Sent by facsimile on \_\_\_\_\_ by SSD.  
State Directors should notify other officials as appropriate.

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

April 26, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
Request for Administrator Priority Points - State Office Justification

TO: State Directors, Rural Development

ATTN: Business Program Directors

In the course of evaluating State Office requests for Administrator points for Business and Industry Guaranteed Loans, it has become apparent that the justifications provided are frequently generalizations of economic or physical conditions which are not project specific. Examples include the need for geographic distribution, but they do not elaborate on the need or condition which will overcome some adverse condition. Another example is the statement that the area has suffered from drought and/or flood; however, the business may be an industry that is not affected by the condition cited, such as a steel fabricator or software company. In such situations, it is difficult to accept the statement as valid justification for the request.

It is the responsibility of the State Office to provide project specific support for a request for Administrator points. In the event a justification is not project specific, the request will not be honored.

If you have any questions concerning this matter, please call the Processing Division directly, (202) 690-4100.

DAYTON J. WATKINS  
Administrator

Sent by facsimile on \_\_\_\_\_ @ \_\_\_\_\_ by SSD.  
State Directors should notify other officials as appropriate.

EXPIRATION DATE:  
May 31, 2001

FILING INSTRUCTIONS:  
Community/Business Programs



April 26, 2000

SUBJECT: Business Programs Activity Report

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Attached for your information are the monthly obligation charts for each of the Business Programs as of March 31, 2000. Please call me if you have any questions, (202) 720-7287.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachments (6 charts)

Sent by DABP by hard copy only.

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

April 17,2000

SUBJECT: Intermediary Relending Program Systems Conversion

TO: State Directors, Rural Development

ATTN: Business Programs Directors

In August 1999, Intermediary Relending Program (IRP) loans were converted from a stand-alone Access database, that was maintained in the St. Louis Deputy Chief Financial Office (DCFO), to the Program Loan Accounting System (PLAS), that resides on the mainframe in Kansas City. From August through December 1999, all historical loan activity (including payments and installments) was processed to the IRP loans that now reside on PLAS. However, the Health and Human Services borrower accounts under the Rural Development Loan Fund and Rural Economic Development Loan Program have not been converted to PLAS and reside on an Access database that is maintained in the St. Louis DCFO.

With the conversion of the IRP loans to PLAS, several changes have occurred. IRP loans will be identified with fund code 61 rather than fund code 57. Fund code 61 was established on PLAS, but the Rural Community Facilities Tracking System (RCFTS) fund codes were not changed and still reflect "57". Offices that are responsible for RCFTS maintenance need to access RCFTS and change the fund codes from 57 to 61.

At this time, the Customer Initiated Payment method is not an option for IRP loans. However, IRP accounts are eligible for the Preauthorized Debit (PAD) payment method. This process is preauthorized by the borrower so that loan payments can be electronically withdrawn from their bank account on the day the payment is due. An agreement for this type of payment is signed by the borrower on Treasury Form SF-5510, "Authorization Agreement for Preauthorized Payments." There are two sections on the SF-5510:

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April 30, 2001

FILING INSTRUCTIONS:  
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- The INDIVIDUAL/COMPANY INFORMATION section is located at the top of the form. In this section, there is a field for:
  - \* YOUR AGENCY ACCOUNT IDENTIFICATION NUMBER. In this field, enter the full 15-digit case number (2-digit state code, 3-digit location code, and 10-digit borrower identification number), the 2-digit fund code (61), and the 2-digit loan number. Enter the loan type (“T” for principal and interest loan installment or “M” for amortized loan installment) immediately behind the fund code and loan number.
  - \* TYPE OF PAYMENT. Enter the installment interval number (“1” for monthly payment, “2” for bi-monthly, “3” for quarterly payment, “6” for semi-annual payment, or “12” for annual payment), the date of the first PAD installment and the payment amount.
- The FINANCIAL INSTITUTION INFORMATION section requires financial information, on the lending institution, that must be completed by the borrower or lender.

The payment coupon method may also be used by the borrower or the State Office to submit IRP payments. Initially, payment coupons for all IRP loans will be generated by the DCFO and mailed to State Offices. Future requests for payment coupons may be submitted through PLAS by using Transaction Code 4X, Direct Payment Plan Change. If the State Office submits the payments for the borrowers, the box labeled “For Official Use” should be used to reflect the date that the payment was received from the borrower. Currently, generic payment coupons are issued for community program loans. However, the ability to generate payment coupons with detailed loan and installment information is being explored.

IRP loans will appear on the following monthly reports:

- \* Report Code R5001-A, Business & Industry, Community Facilities, Water and Waste  
     Direct Borrowers and Loans  
     Total Caseload and Delinquencies

- \* Report Code R5002-A, Business & Industry, Community Facilities, Water and Waste  
Status of Direct Accounts  
Borrowers With a Delinquent Loan or a Loan That May Require Attention

Rural Development employees will need to have an NITC ID (e.g., FH ID or CA ID) to access PLAS. Employees who do not already have access authority for PLAS should request inquiry or inquiry/update authority as appropriate through the Information Resources Manager or Automation Coordinator.

The Automated Discrepancy Processing System (ADPS) manuals are a useful reference for navigating in PLAS and ADPS. Assistance may also be requested through the Centralized Help Desk in St. Louis, 1-800-457-3642 or 314-992-0301.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Sent by facsimile on \_\_\_\_\_ @ \_\_\_\_\_ by SSD.  
State Directors should notify other officials as appropriate.

April 11, 2000

SUBJECT: Rural Business Opportunity Grant Program

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Attached is a copy of recently prepared information on the new Rural Business Opportunity Grants program for handout to Rural Business-Cooperative Service Business Programs customers. We are providing this information by electronic mail for your ease in outreach for these grants. We hope to have an "official" brochure prepared in the near future. Please let me know if we may be of further assistance.

/s/ William F. Hagy III

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachment (2 pages)

Sent by electronic mail on \_\_\_\_\_ at \_\_\_\_\_ by DABP.  
State Directors should notify other officials as appropriate.

EXPIRATION DATE:  
April 30, 2001

FILING INSTRUCTIONS:  
Community/Business Programs

**USDA, Rural Development  
Rural Business-Cooperative Service  
Business Programs**

**RURAL BUSINESS OPPORTUNITY GRANTS**

The purpose of the Rural Business Opportunity Grants (RBOG) program is to promote sustainable economic development in rural communities with exceptional needs. This is accomplished by making grants to organizations to provide for economic development planning, technical assistance, or training.

**WHO MAY RECEIVE GRANTS?**

To receive an RBOG, you must be a public body, nonprofit corporation, Indian tribe, or cooperative with members that are primarily rural residents. You must have sufficient expertise in the activities you propose to carry out with the grant funds and financial strength to ensure you can accomplish the objectives of the proposed grant.

**WHAT IS THE MAXIMUM AMOUNT OF A GRANT?**

The statutory limit is \$1.5 million, but the size of grants approved is limited by the amount of program funds available.

**HOW MAY THE GRANT FUNDS BE USED?**

If awarded an RBOG, you may use the funds to pay costs of providing economic planning for rural communities, technical assistance for rural businesses, or training for rural entrepreneurs or economic development officials. You must be able to show that the funding will result in economic development of a rural area. Your project must include a basis for determining the success or failure of the project and assessing its impact.

**WHERE CAN APPLICATIONS BE FILED?**

You may file applications with the U.S. Department of Agriculture (USDA) Rural Development State Office in your State.

**WHAT IS INCLUDED IN AN APPLICATION?**

To develop an application, obtain a copy of the complete program regulation and refer to the application section. Briefly, an application must include a Form SF 424.1 ("Application for Federal assistance (for Non-Construction)"), a copy of your organizational documents, a scope of work, a written narrative, and a financial statement.

Rural Business Opportunity Grant Program

## **HOW WILL THE GOVERNMENT SELECT AMONG ELIGIBLE APPLICATIONS?**

We will use a priority scoring system that considers the sustainability and quality of the economic activity expected to result from the project; the extent to which the project is critical to a larger overall project; economic conditions in the service area, such as recent loss of a major employer, long-term job deterioration, poverty, or population decline; and the project's usefulness as a new best practice.

## **WHERE CAN I OBTAIN ADDITIONAL INFORMATION?**

You can obtain additional information, copies of the regulations, and forms by contacting any USDA Rural Development State Office (check your telephone directory under "Federal Government") or by contacting the Rural Business-Cooperative Service National Office at the following address/telephone number:

Rural Business-Cooperative Service, USDA  
Specialty Lenders Division, STOP 3225  
1400 Independence Ave. SW  
Washington, DC 20250-3225  
Telephone: (202) 720-1400

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an Equal Opportunity provider and employer.

Prepared 1/00 (RBS, BP)





March 31, 2000

SUBJECT: Debt Collection Improvement Act of 1996  
Public Law 104-134

TO: State Directors, Rural Development

ATTN: Business Programs Directors

The purpose of this memorandum is to remind the State Offices that the provisions of the Debt Collection Improvement Act of 1996 (DCIA) mandated a new eligibility requirement for persons seeking Federal financial assistance, namely that delinquent Federal debtors are ineligible for Federal direct and indirect loan assistance (other than disaster loans). Federal financial assistance includes direct loans or loan guarantees administered by the Agency. DCIA does not pertain to grants. A recipient is not ineligible for Federal grants because of delinquencies. However, the grant funds may be offset to recover the delinquency.

Prior to making any Federal loan or guarantee, the law requires the Agency to determine whether an applicant has delinquent indebtedness, as determined under standards prescribed by the Secretary of the Treasury, with any Federal agency, except a debt under the Internal Revenue Code of 1986. Under DCIA, the Agency must deny credit to a delinquent debtor unless the requirement is waived by the head of the Department or the Department Chief Financial Officer. Nothing in the statute, however, requires an agency to grant Federal financial assistance if denial otherwise is authorized by statute, regulations, or agency policies and procedures.

A delinquent Federal debt shall cause the applicant to be ineligible to receive any non-disaster loan. Such an applicant may obtain additional loans or loan guarantees only after such delinquency is resolved. For DCIA purposes, a person's delinquent debt is resolved only if the debtor:

1. pays or otherwise satisfies the delinquent debt in full;

EXPIRATION DATE:  
March 31, 2001

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2. pays the delinquent debt in part if the creditor agency accepts such part payment as a compromise in lieu of payment in full;
3. cures the delinquency under terms acceptable to the creditor agency in that the person pays any overdue payments, plus all interest, penalties, late charges, and administrative charges assessed by the creditor agency as a result of the delinquency; or
4. enters into a written repayment agreement with the creditor agency to pay the debt, in whole or in part, under terms and conditions acceptable to the creditor agency.

For purposes of the bar on delinquent borrowers imposed by the DCIA, the fact that an applicant is a guarantor on another loan is irrelevant unless the applicant/guarantor has become responsible for repaying a loan co-signed or guaranteed and the loan becomes delinquent. In the event the applicant/guarantor becomes responsible for the loan, any delinquency should appear on the borrower's credit report. Any person owing a delinquent debt is ineligible for additional Federal financial assistance whether applying for such assistance as a direct borrower or as a guarantor.

Applicants are barred from obtaining Federal assistance in cases where stockholders or limited partners, as individuals, own controlling interests in companies and the company or any individual with controlling interest is delinquent on a non-tax debt to the United States. Controlling interest is usually defined as 20 percent or greater.

Under DCIA, a debt is not in delinquent status if the creditor agency has released the person seeking Federal financial assistance from the obligation to pay the debt. A person may be released if the person has paid the debt in an amount acceptable to the creditor agency (compromise settlement), the debt was determined not to be owed, or for other reasons.

A debt is delinquent for DCIA purposes when the debt has not been paid within 90 days of the due date. The 90-day provision protects against an applicant being denied financial assistance merely because of a late payment or an untimely posting by the Finance Office.

An applicant seeking Federal financial assistance, and who is the subject of or has been discharged in a bankruptcy proceeding, and is current on any court-authorized repayment plan, is not barred from receiving Federal financial assistance and should be considered under the normal loanmaking decision process. Prudent credit decisions are based on an in-depth analysis of the applicant's current financial and legal condition. Research and consultation with your Regional Attorney may be required in order to make an informed decision regarding extending credit when an applicant is in bankruptcy. If the existence of the debt or the Agency determines that the debt that is delinquent is being challenged under an ongoing appeal or contested judicial proceeding, the Agency may defer the credit-making decision until the appeal process is completed.

We have reviewed all standard Business Programs application forms, and only SF 424-1, "Application for Federal Assistance (For Non-Construction)," and SF 424-2, "Application for Federal Assistance (For Construction)," address the question of whether an applicant has a delinquent debt to the Federal Government. All other applications will, prior to loan approval, require the lender to certify that the applicant and any stockholder or limited partner with controlling interest does not have a delinquent Federal indebtedness. It is the lender's responsibility to obtain the necessary certification(s).

Additional information on DCIA is available on the Internet at <http://www.fms.treas.gov>.

If you have questions, please contact the Business Programs Servicing Division,  
(202) 690-4103.

DAYTON J. WATKINS  
Administrator  
Rural Business-Cooperative Service

March 27, 2000

SUBJECT: Business Programs Activity Report

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Attached for your information are obligations charts for each of the Business Programs as of February 29, 2000. As before, we hope to be able to furnish these charts, on a monthly basis, in order to keep you apprised of the status of funding nationwide. Please call me if you have any questions, (202) 720-7287.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachments (6 charts)

Sent by DABP by hard copy only

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

March 20, 2000

SUBJECT: Intermediary Relending Program

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This memorandum is to update the Intermediary Relending Program (IRP) application notification procedures specified in Exhibit A, Attachment 1 to RD Instruction 1940-L. Effective immediately, Wayne Stansbery, Specialty Lenders Division, will be the new contact for the IRP. All application notices, scoresheets, questions, and comments for the IRP program should be directed to Mr. Stansbery. Mr. Stansbery's e-mail address is [wstansbe@rus.usda.gov](mailto:wstansbe@rus.usda.gov).

If you have any questions please contact the Specialty Lenders Division,  
(202) 720-1400.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs  
Rural Business-Cooperative Service

EXPIRATION DATE:  
March 31, 2001

FILING INSTRUCTION:  
Community/Business Programs

March 19, 2000

SUBJECT: Business and Industry Guaranteed and Direct Loan Program  
Delegation of Authority Amendment

TO: State Directors, Rural Development

ATTN: Business Programs Directors

In order to be more responsive to Business and Industry (B&I) Guaranteed and Direct Loan Program lenders and borrowers and improve customer service, we are increasing your approval authority for certain actions.

In addition to the authority that has previously been delegated, effective immediately, you may approve all requests for extensions of Conditional Commitment expiration dates and servicing requests. This approval includes waivers of loan covenants that do not impact the collateral securing the loan or the borrower's ability to service the debt for loans in excess of your delegated approval authority; changes proposed by the lender and/or borrower, which enhance the collateral position of the loan; or other loan covenants, which are more stringent than those concurred in by the National Office. In no case may you diminish the condition of the loan.

Furthermore, you may not precondition any future servicing action, such as the release of collateral or subordination, regardless of the size of the loan or the amount of your delegated authority. This additional delegated authority includes servicing actions waiving ratios to allow for an unqualified audit.

In every servicing instance, it must be determined that the borrower's cash flow is sufficient to continue to service all current debt and any proposed loan, and that collateral is adequate to secure the loan(s).

EXPIRATION DATE:  
March 31, 2001

FILING INSTRUCTIONS  
Community/Business Programs

Copies of actions approved as a result of this additional delegated authority are to be forwarded to the National Office for post review within 15 days of the action.

DAYTON J. WATKINS  
Administrator

March 15, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
Guidelines for the Community Adjustment and Investment Program

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Attached are (1) the most recent version of the Guidelines for the North American Development Bank (NADBank) Community Adjustment and Investment Program (CAIP), adopted by the CAIP Finance Committee on November 23, 1999, and (2) the most recent list of "Eligible Areas/Parishes for CAIP Loans" for loans to be funded under the program. As the Guidelines and eligible areas are constantly being revised, please consult periodically with Steve Levy (telephone: (202) 720-5044; e-mail: levysteve@mail.com) to assure that you have the current version.

The eligible area list includes the expiration date for the original certification of each county or parish. Several months in advance of that date, the site will be reviewed by the Finance Committee and a determination will be made on whether eligibility will continue. The stated intent of the Finance Committee is to continue an area as eligible for an added 12 months if the 12-month moving average unemployment rate remains at least 1 percent above the moving average for the nation. The NADBank website has available the recent unemployment data, by county, for your State:

[http://naid/sppsr/ucla/edu/NADBANK/NDB\\_COLD\\_FUSION\\_ROOT/index.cfm](http://naid/sppsr/ucla/edu/NADBANK/NDB_COLD_FUSION_ROOT/index.cfm)

EXPIRATION DATE:  
February 28, 2001

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Community/Business Programs



As eligibility for many of the sites expires during calendar year 2000, the Finance Committee has agreed to allow a limited period - even after eligibility expires - for the Finance Committee to complete action on requests for CAIP funding. Complete Endorsement Checklists for projects in areas for which eligibility is not extended must have been in process in the Agency and be received by the National Office within 60 calendar days after eligibility expires.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachment (26 pages)

**GUIDELINES FOR THE  
COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM**

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## **GUIDELINES FOR THE COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM**

### **I. BACKGROUND**

The Community Adjustment and Investment Program (the “CAIP”) provides financial resources to assist in the creation or preservation of private sector jobs in United States communities that need assistance to adjust to significant job losses directly or indirectly attributable to changes in trade patterns with Canada or Mexico associated with the North American Free Trade Agreement (“NAFTA”). The CAIP is authorized by section 543 of the North American Free Trade Agreement Implementation Act, Pub. L. No. 103-182, 107 Stat. 2057, 2169, codified at 22 U.S.C. § 290-2 (1993) (the “NAFTA Implementation Act”).

The goal of the CAIP is to assist the private sector in (1) creating new jobs in communities that have experienced the greatest difficulty in adjusting to disruptions of their economies attributable to NAFTA, and (2) preserving existing jobs that are at risk of being lost in such communities. The CAIP strives to achieve this goal by leveraging private sector business lending by making loans and loan guarantees available to private sector firms in such communities to assist them in creating or preserving jobs. In addition, the CAIP endeavors to assist the development and/or operation of programs or projects designed to create or preserve private sector jobs in such communities by making loans, loan guarantees, and grants available to nonprofit and public entities. The loan funds and grant funds made available through the CAIP are referred to as “CAIP financing”.

CAIP financing is provided through three programs:

1. CAIP Federal Agency Program  
CAIP financing is provided through increasing the availability of loans and loan guarantees under existing federal loan or loan guarantee programs administered by federal agencies that participate in the CAIP (“participating agencies”). This program is referred to as the “CAIP Federal Agency Program”.
2. CAIP Direct Loan Program  
CAIP financing is also provided through direct loans administered by the Director of the Los Angeles, California, office (the “Los Angeles Office”) of the North American Development Bank (“NADBank”). This program is referred to as the “CAIP Direct Loan Program”.
3. CAIP Grant Program  
Depending on availability of funds, CAIP financing is also provided through grants administered by the Director of USCAIP Projects located in the San Antonio, Texas headquarters of NADBank to support specific projects or to procure or provide technical assistance. This program is referred to as the “CAIP Grant Program”, and the office of the Director of USCAIP Projects is referred to as the “CAIP Grant Program Office”.

These Guidelines are used by the participating agencies, the Director of the Los Angeles Office, and the Director of USCAIP Projects to determine eligibility for CAIP financing under the three programs described above. These Guidelines have been developed by the interagency CAIP Finance Committee (the “Finance Committee”) established by Executive Order No. 12916 dated May 13, 1994. The CAIP Advisory Committee, established pursuant to section 543(b) of the NAFTA Implementation Act, has provided the Finance Committee with advice and assistance in developing these Guidelines. These Guidelines are subject to modification from time to time. Applicants for CAIP financing are responsible for reviewing and becoming familiar with an up-to-date version of these Guidelines, which can be found on the Web at <http://www.nadbank-caip.org>, or can be obtained from the Los Angeles Office or the CAIP Grant Program Office.

## **II. ELIGIBLE AREAS**

CAIP financing is available for projects and programs located in communities that meet the eligibility criteria established by the Finance Committee for communities. Such communities are referred to as “Eligible Areas”.

### **A. Designation of Eligible Areas**

From time to time, but not less frequently than on a quarterly basis, the Finance Committee designates counties within the United States that are Eligible Areas (“Designated Eligible Areas”), and updates the list of Designated Eligible Areas accordingly. An up-to-date list of Designated Eligible Areas can be found on the Web at <http://www.nadbank-caip.org>, or can be obtained from the Los Angeles Office or the CAIP Grant Program Office. Evidence demonstrating that a particular county meets the eligibility criteria set forth in this subsection A may be submitted directly to the Finance Committee or through a participating agency, the Los Angeles Office, or the CAIP Grants Program Office (except that, during a solicitation for grant applications under the CAIP Grant Program, Eligible Areas for shall be limited to the Designated Eligible Areas identified in the solicitation).

#### **1. Criteria for designating Eligible Areas**

In determining whether a county other than a border county (see part 2, below) qualifies as an Eligible Area, the Finance Committee considers whether the county (a) has experienced significant job losses attributable to NAFTA, and (b) needs transition assistance to adjust economically to these job losses. Satisfaction of these criteria is determined as follows:

- a. Significant job losses attributable to NAFTA:
  - i. Evidence that job losses are attributable to NAFTA.  
The Finance Committee counts as job losses within a county attributable to NAFTA the number of workers in the county certified by the Department of Labor NAFTA - Transitional Adjustment Assistance (“NAFTA-TAA”) program authorized by section 250 of the Trade Act of 1974, as added by section 502 of the NAFTA Implementation Act (19 U.S.C. § 2331). The Finance

Committee will also consider reliable evidence of (a) the number of jobs lost in the county due to relocation of production to Canada or Mexico (e.g., due to the movement of a factory from the county to one of those countries), or (b) the number of jobs lost in the county in a sector of the economy that has experienced increased imports from Canada or Mexico.

- ii. Evidence that the number of job losses is significant.  
For purposes of determining eligibility for CAIP financing, each county within the United States is categorized as “urban” or “rural”. A county is urban if, at the time of determination, it has a Department of Agriculture rural-urban continuum code (“Beale Code”) of 0 through 3. A county is rural if, at the time of determination, it has a Beale Code of 4 through 9<sup>1</sup>.

The Finance Committee considers the number of job losses attributable to NAFTA in an urban county to be “significant” if the number is equal to or greater than 500 during the 36-month period preceding the date of determination. The Finance Committee considers the number of job losses attributable to NAFTA in a rural county to be “significant” if the number is equal to or greater than 300 during the 36-month period preceding the date of determination.

- b. Need for transition assistance.  
The Finance Committee determines a county’s need for transition assistance in adjusting economically to job losses attributable to NAFTA by comparing the unemployment rate within the county to the national unemployment rate. The county unemployment rate will be measured using the Local Area Unemployment Statistics reported by the Department of Labor Bureau of Labor Statistics (“BLS”). The national unemployment rate will be measured using the National Unemployment Statistics reported by BLS.

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<sup>1</sup>The Beale Code System is a system developed by the Department of Agriculture Economic Research Service to classify counties by the size of their urban population and adjacency to metropolitan areas. (Margaret A. Butler and Calvin L. Beale, Rural-Urban Continuum Codes for Metro and Nonmetro Counties, 1993, AGES 8428, U.S. Department of Agriculture, Economic Research Service, September 1994.) The Beale Codes are available on the Web at <http://www.econ.ag.gov/briefing/rural/codesw/rucc/htm>.

The Finance Committee considers there to be a need for transitional assistance if the county's average unemployment rate for the most recent 12-month period preceding the date of determination for which data are available is equal to or greater than 1 percentage point over the national average unemployment rate for the same time period.<sup>2</sup>

**2. Border counties designated as Eligible Areas**

Similar to the criteria adopted by NADBank for establishing eligibility for NADBank assistance for environmental projects, the Finance Committee has designated each county within the United States that has any part located within 62 miles of the United States-Mexico border as an Eligible Area. Such counties are referred to as “border counties”.

**3. Additional Eligible Area criteria respecting urban counties applicable to the CAIP Federal Agency Program**

Except with respect to Eligible Areas designated under subsection A.1, above, before March 10, 1999, the following additional Eligible Area criteria respecting urban counties (Beale Code 0-3) apply to the CAIP Federal Agency Program.<sup>3</sup>

**a. Limitation on CAIP financing to be provided by any participating agency in urban counties**

For purposes of determining eligibility for CAIP financing to be provided in urban counties by any participating agency, an urban county that meets the eligibility criteria set forth in parts 1 or 2, above, is nevertheless considered to be an Eligible Area only if the number of NAFTA-attributable job losses (determined according to part 1.a.i, above) in that county during the 36-month period preceding the date of determination is equal to or greater than 1% of the county's labor force.

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<sup>2</sup>Before March 10, 1999, the Finance Committee determined that there was a “need” for transition assistance in adjusting economically to job losses attributable to NAFTA if the unemployment rate for the county (or part thereof), applying the Local Area Unemployment Statistics reported by the BLS, for the most recent 12-month period preceding the date of determination for which data are available, was equal to or greater than 6.5 percent. The designation of a county (or part thereof) as an Eligible Area under this standard has been “grandfathered” for the remainder of the respective designation period.

The designation of a county (or part thereof) as an Eligible Area under subsection A.1., above, before March 10, 1999, has been “grandfathered” for the remainder of the respective designation period.



b. **Exception for CAIP financing to be provided by the Small Business Administration in parts of urban counties**

For purposes of determining eligibility for CAIP financing to be provided in urban counties by the Small Business Administration, areas within urban counties are categorized as “rural areas”, “cities having a population of 50,000 or more”, or “urbanized areas”. A rural area is an area that is outside the municipal boundaries of a city having a population of 50,000 or more and not within an urbanized area. An urbanized area is an area immediately adjacent to a city having a population of 50,000 or more that socially and economically forms a single community with that city.

Notwithstanding subpart a, above, a rural area of an urban county that meets the eligibility criteria set forth in either part 1 or 2, above, is considered an Eligible Area for purposes of Small Business Administration loan guarantees. In addition, notwithstanding subpart a, above, zip code areas having 100 or more NAFTA-attributable job losses (determined according to part 1.a.i, above) during the 36-month period preceding that date of determination, which are located within a city having a population of 50,000 or more or its adjacent urbanized areas and within an urban county that demonstrates a “need” for transitional assistance according to the standard set forth in part 1.b, above, are considered Eligible Areas for purposes of Small Business Administration loan guarantees.

c. **Exception for CAIP financing to be provided by the Department of Agriculture Rural Business-Cooperative Service**

As with the case for CAIP financing to be provided by the Small Business Administration, for purposes of determining eligibility for CAIP financing to be provided in urban counties by the Department of Agriculture Rural Business-Cooperative Service, areas within urban counties are categorized as “rural areas”, “cities having a population of 50,000 or more”, or “urbanized areas”. A rural area is an area that is outside the municipal boundaries of a city having a population of 50,000 or more and not within an urbanized area. An urbanized area is an area immediately adjacent to a city having a population of 50,000 or more that socially and economically forms a single community with that city.

Notwithstanding subpart a, above, a rural area of an urban county (Beale Code 0 - 3) that meets the eligibility criteria set forth in part 1, above, is considered an Eligible Area for purposes of the Department of Agriculture Rural Business-Cooperative Service loan guarantees.

Notwithstanding subpart a, above, a rural area of an urban county (Beale Code 0 - 3) that meets the eligibility criteria set forth in part 2, above, but not part 1, above, is considered an Eligible Area for purposes of Department of Agriculture Rural Business-Cooperative Service loan guarantees if the rural area is located within a county that demonstrates a “need” for transitional assistance according to the standard set forth in part 1.b, above. In addition, notwithstanding subpart a, above, a defined part of a rural area located within an urban county (Beale Code 0 - 3) that meets the eligibility criteria set forth in part 2, above, but not part 1, above, is considered an Eligible Area for purposes of Department of

Agriculture Rural Business-Cooperative Service loan guarantees, even if the entire county in which the defined part is located does not demonstrate a “need” for transitional assistance according to the standard set forth in part 1.b, above, if the defined part itself demonstrates a “need” for transitional assistance according to the standard set forth in part 1.b, above, applying the Local Area Unemployment Statistics reported by the BLS.

## **B. Duration of designations**

### **1. Duration of initial designations**

Each area that was designated under subsection A.1, above, before March 10, 1999 will remain a Designated Eligible Area for 36 months from its date of designation, at which time its designation will automatically expire unless its designation is extended in accordance with part 3, below.

Each county that was or is designated under subsection A.1, above, on or after March 10, 1999 will remain a Designated Eligible Area for 12 months from its date of designation, at which time its designation will automatically expire unless its designation is extended in accordance with part 3, below.

If an initial proposal for CAIP financing within a Designated Eligible Area is received by a participating agency, the Director of the Los Angeles Office, or the Director of USCAIP Projects before the expiration date of that Eligible Area’s designation, and the designation of that Eligible Area thereafter expires, the proposal will nevertheless remain eligible for consideration by the agency, Director, or Director if the application for CAIP financing is submitted in completed form to the agency, Director, or Director within 180 days after the expiration of the designation. The time limit for submitting a completed application to the agency, Director, or Director does not apply to the satisfaction of all conditions to obtaining the CAIP financing (e.g., completion and submission of all required environmental studies).

## **2. Review of designations**

Each Designated Eligible Area will be notified 90 days before the expiration of its designation that its status as a Designated Eligible Area is going to be reviewed, and that if the county no longer demonstrates a “need” for transitional assistance according to the standard set forth in subsection A.1.b, above, CAIP financing will no longer be available for projects or programs in the area. Failure to provide or receive such notice shall not affect the validity of the eligibility review or the expiration if the designation of the county no longer satisfies the eligibility criteria.

The status of each Designated Eligible Area will be reviewed beginning not earlier than 60 days before the expiration date of its designation to determine whether the county continues to demonstrate a “need” for transitional assistance according to the standard set forth in subsection A.1.b, above.

## **3. Extensions of designations**

The designation of an Eligible Area will be extended for a period of 12 months beginning on the date its designation otherwise would have expired if the Finance Committee determines that the county continues to demonstrate a “need” for transitional assistance according to the standard set forth in subsection A.1.b, above.

## **C. Eligible Areas other than Designated Eligible Areas**

For purposes of determining eligibility for CAIP financing under the CAIP Federal Agency Program or the CAIP Direct Loan Program, the absence of a county from the published list of Designated Eligible Areas does not preclude a county from treatment as an Eligible Area if the county in fact meets the eligibility criteria set forth in subsection A, above.

## **III. ELIGIBLE PROJECTS AND PROGRAMS.**

CAIP financing is available for projects and programs that meet the eligibility criteria established by the Finance Committee for projects and programs. CAIP financing may be made available for the direct costs of a particular project or transaction (e.g., financing construction costs or paying guarantee fees) or to support a program of transactions (e.g., augmenting loan loss reserves).

**A. Eligibility criteria applicable to all CAIP financing programs**

**1. Designated Eligible Area requirement**

To be considered for CAIP financing under any CAIP financing program, the project or program being financed with the proceeds of the CAIP financing must both be located in, and create or preserve jobs in, a Designated Eligible Area.

**2. Limited exception under the CAIP Federal Agency Program and the CAIP Direct Loan Program for “special projects”**

A project located outside of a Designated Eligible Area is nonetheless eligible for CAIP financing under the CAIP Federal Agency Program and the CAIP Direct Loan Program if the project meets the following special criteria:

**a. Workplace closure attributable to NAFTA**

**i. Workplace closure.**

The CAIP financing is for a private sector firm that either recently has closed, or has announced the imminent closure of, a workplace, and the closure has resulted, or will result, in substantial job losses.

**ii. Evidence that the closure was or is attributable to NAFTA.**

There is persuasive evidence that the workplace closure was or is attributable to changes in trade patterns associated with NAFTA.

**b. Proximity to a Designated Eligible Area**

The project must be located within the immediate proximity of a Designated Eligible Area.

**c. Need for transitional assistance**

The project must be located in a county that the Finance Committee determines has a “need” for transition assistance under the standard described in section II.A.1.b., above.

**d. Job creation or preservation**

**i. General threshold requirement.**

The project must demonstrate the capacity to create at least 100 new jobs, preserve at least 100 jobs at risk of being lost, or create or preserve 100 jobs in any combination, during the 24-month period immediately following the date of determination.

**ii. Limited exception.**

The general threshold requirement may be modified by the Finance Committee if (a) the project demonstrates the capacity to create or preserve more than 50 jobs over the 24-month period immediately following the date of determination, and (b) after taking into consideration the size of the county and the contribution that the firm made or makes to the economic well-being of the county, there is persuasive evidence that the economic well-being of the

county, as a whole, would experience substantial adverse effects from the closure of the workplace or the workplace remaining closed.

**B. Additional CAIP program-specific eligibility criteria**

In addition to the criteria set forth in subsection A, above, each program or project must meet additional CAIP program-specific criteria.

**1. CAIP Federal Agency Program**

To be considered for CAIP financing under the CAIP Federal Agency Program, a project or program must: (a) devote a majority of the loan principal made available under the CAIP Federal Agency Program to opening a new facility, expanding operations at an existing facility, entering new markets, or improving a firm's competitive position; (b) demonstrate a capacity to create new jobs, or preserve jobs at risk of being lost, over the 24-month period immediately following the date of determination; and (c) demonstrate a capacity to create or preserve at least one job for every \$70,000 of the guaranteed portion of loan principal made available under the CAIP Federal Agency Program.

In the case of a loan or loan guarantee sought under the CAIP Federal Agency Program to create new jobs, CAIP financing is available for paying the budget subsidy "costs" (for purposes of the Federal Credit Reform Act of 1990, Pub. L. No. 101-508, title V, 104 Stat. 1388, 1388-610, as amended) of loans made, or loan guarantees issued, by the participating agencies and, in the case of a loan guarantee, the guarantee fee charged by the participating agency in connection with issuing the loan guarantee. In the case of a loan or loan guarantee sought under the Federal Agency Program to preserve existing jobs, CAIP financing is available for paying the budget subsidy cost of the loan made or loan guarantee issued and, if the jobs to be preserved are at risk of being lost due to changes in trade patterns associated with NAFTA, the guarantee fee in the case of a loan guarantee.

No more than 49% of loan principal made available under the CAIP Federal Agency Program may be used to refinance existing long-term debt (i.e., debt having a remaining term of more than 24 months) or to finance a change in business ownership. For purposes of the foregoing limitation, the following are not considered to be long-term debt refinancing and, accordingly, are not subject to the limitation: converting short-term debt (i.e., debt having a remaining term of 24 months or less) to long-term debt; converting interim debt (i.e., a bridge loan) to long-term debt; converting line-of-credit or revolving credit debt to long-term debt, if the debt was incurred to open a new facility, expand operations at an existing facility, enter new markets, or improve a firm's competitive position; and bringing trade payables to a current status or buying out a factor. Similarly, a change of ownership (e.g., acquisition, merger, or consolidation) that is essential to sustain the existence of the business is not subject to the limitation.

In addition to the CAIP eligibility criteria, the project or program must meet the eligible project or program criteria established by the particular participating agency from which a loan or loan guarantee is sought. Eligible project criteria for loan guarantees issued under the Business and Industry guaranteed loan program of the Department of Agriculture Rural Business-Cooperative Service are described in 7 C.F.R. part 4279. Eligible project criteria for loan guarantees issued under the general business loan programs of the Small Business Administration are described in 13 C.F.R. part 120.

## **2. CAIP Direct Loan Program**

To be considered for CAIP financing under the CAIP Direct Loan Program, a project must: (a) devote a majority of the loan principal made available under the CAIP Direct Loan Program to opening a new facility, expanding operations at an existing facility, entering new markets, or improving a firm's competitive position; (b) demonstrate a capacity to create new jobs, or preserve jobs at risk of being lost, over the 24-month period immediately following the date of determination; and (c) demonstrate a capacity to create or preserve at least one job for every \$35,000 of loan principal made available under the CAIP Direct Loan Program

In addition, loan principal made available for a project or program under the CAIP Direct Loan Program may not constitute more than 49% of the total principal amount of the financing made available for the project or program; i.e., financing from sources other than the CAIP must constitute the majority of the total financing for the project or program.

## **3. CAIP Grant Program**

The Finance Committee has established broad eligibility criteria for projects and programs to be considered for CAIP financing under the CAIP Grant Program to facilitate flexible implementation and usage of this program.

Two types of grants are made available under the CAIP Grant Program: (a) grants for a specific project or program ("specific project grants"); and (b) technical assistance grants.

### **a. Specific project grants**

Specific project grants are grants made to or for a particular project or program designed to assist directly or indirectly in the creation or preservation of jobs in Designated Eligible Areas. Program eligibility will be determined in the context of the broader strategy to re-employ dislocated workers and prevent dislocation of workers.

Specific project grants may be used to help implement a strategy to create jobs in sectors that are expected to expand because of NAFTA for workers who have been dislocated, or are threatened with dislocation, due to changes in trade patterns attributable to NAFTA.

Some examples of eligible specific projects include, but are in no way limited to, the following:

Develop strategies that encourage industries to locate in a particular Designated Eligible Area; assistance to retain an existing business that has threatened to leave the United States; leveraging resources to create or improve internet or telecommunication capabilities to make communities more attractive for businesses; establishment of a funding pool for job creation through entrepreneurial activities; programs and activities that assist existing firms in

restructuring or retooling to become more competitive in world markets and prevent job losses; and retraining of dislocated workers to fill vacant positions in private sector companies.

**b. Technical assistance grants**

Technical assistance grants may be obtained to support:

- i. the development of specific projects or programs designed to create or preserve jobs (e.g., providing application preparation assistance to applicants under the CAIP Direct Loan Program or similar assistance programs);
- ii. the effective implementation of approved specific project grants by providing specialized assistance to the awardees (e.g., project management or technology support);
- iii. programs and activities that directly assist firms in restructuring their strategic plans, market plans, and other aspects of their business to make the business more competitive;
- iv. analytical activities that provide direct or indirect assistance to dislocated workers (e.g., surveys, research, economic trends analyses, community needs analyses, industry analyses, development of strategic planning models, creation of business plans); and/or
- v. programs that develop or deliver specialized training through conferences or seminars. (This is of lower priority than providing direct assistance to firms employing dislocated workers.)

#### **IV. APPLICATION CONTENTS.**

##### **1. CAIP Federal Agency Program**

Applications for CAIP financing under the CAIP Federal Agency Program must include the materials required by the particular participating agency from which a loan or loan guarantee is sought. Application requirements for loan guarantees issued under the Business and Industry guaranteed loan program of the Department of Agriculture Rural Business-Cooperative Service are described in 7 C.F.R. part 4279. Application

requirements for loan guarantees issued under the general business loan programs of the Small Business Administration are described in 13 C.F.R. part 120.

## **2. CAIP Direct Loan Program**

Applications for CAIP financing under the CAIP Direct Loan Program must include the following:

1. A statement of the requested terms for the CAIP direct loan, including repayment period, interest rate, type of principal repayment schedule (graduated principal payments, equal principal payments, level debt service payments, any principal deferral), and security arrangements. If concessionary terms are requested, a detailed justification must accompany the request.
2. A complete description of the project or program for which the CAIP direct loan is requested, including the business plan and the qualifications of the management team.
3. A complete statement of finances for the project or program, including projections for at least three years and assumptions.
4. The number of jobs the project or program is anticipated to create or preserve and a description of those jobs.
5. The identities of the other lender(s) or investor(s) participating in the total financing for the project or program and the terms of their participation.
6. Information necessary to permit evaluation of the application under the criteria set forth in section V.,B., of these Guidelines.

## **3. CAIP Grant Program**

Applications for CAIP financing under the CAIP Grant Program must include all of the application materials identified in the respective Solicitation for Grant Applications issued by NADBank.

# **V. EVALUATION AND SELECTION OF PROJECTS AND PROGRAMS.**

## **1. CAIP Federal Agency Program**

Applications for CAIP financing under the CAIP Federal Agency Program are evaluated under the criteria established by the particular participating agency from which the loan or loan guarantee is sought. The criteria for evaluating applications for loan guarantees issued under the Business and Industry guaranteed loan program of the Department of Agriculture Rural Business-Cooperative Service are described in 7 C.F.R. part 4279. The criteria for evaluating applications for loans and loan guarantees issued under the general business loan programs of the Small Business Administration are described in 13 C.F.R. part 120.



The Finance Committee has established a Loan Subcommittee comprised of staff from the participating agencies that are members of the Finance Committee for the purpose of reviewing individual applications for loan guarantees received from the participating agencies and making recommendations to the Chair of the Finance Committee whether to endorse, or not to endorse, the applications.

## **2. CAIP Direct Loan Program**

Applications for CAIP financing under the CAIP Direct Loan Program are evaluated initially by the Director of the Los Angeles Office. The Director of the Los Angeles Office recommends to the CAIP Funding Subcommittee (which is comprised of staff from the agencies that are members of the Finance Committee) for its consideration applications that receive a score of at least 60 points based on the following evaluation criteria and point values. The Funding Subcommittee forwards the applications that it receives from the Director of the Los Angeles Office and the recommendations of the Funding Subcommittee to the Finance Committee for its endorsement.

### **1. County job losses and need for transaction assistance**

- a. Number of job losses attributable to NAFTA in the county in which the project or program is located (determined according to section II.A.1.a. above):
  - i. For urban counties (Beale Code 0-3)
    - more than 2000 jobs 15 points
    - 1000 - 2000 jobs 10 points
    - 500 - 1000 jobs 5 points
  - ii. For rural counties (Beale Code 4-9)
    - more than 500 jobs 15 points
    - 300 - 500 jobs 10 points
- b. Percentage by which the unemployment rate (applying the Local Area Unemployment Statistics reported by BLS) in the county in which the project or program is located, for the most recent 12-month period preceding the date of application for which data are available, is greater than national unemployment rate (applying the National Unemployment Statistics reported by BLS) for the same time period (e.g., if the county's unemployment rate is 7%, and the national unemployment rate is 5%, the percentage greater is 40%):
  - For both urban and rural counties:
    - 71% and greater 10 points
    - 46-70% 7 points
    - 25-45% 3 points

## 2. **Anticipated benefits**

- a. Estimated number of jobs in the county to be created or preserved by the project or program:
  - i. For urban counties (Beale Code 0-3)
    - 100+ 10 points
    - 26 - 99 8 points
    - 11 - 25 6 points
    - Up to 10 4 points
  - ii. For rural counties (Beale Code 4-9)
    - 26+ 10 points
    - 16 - 25 8 points
    - 7 -15 6 points
    - less than 7 4 points
- b. Job quality (based upon national averages; values will be adjusted for area wage differentials):
  - i. Average salaries of jobs created
    - \$15+ per hour 10 points
    - \$10 - \$14.99 7 points
    - \$7 - \$9.99 5 points
  - ii. Basic job-related benefits
    - provided by employer 5 points
    - available through employer 2 points

## 3. **Project quality**

- a. Management Up to 10 points  
Management is a critical component in the success of any venture. Projects or programs will be evaluated to determine the experience and past and likely future success of the proposed management. Maximum points will be given to projects and programs that will have a management with substantial experience in the operation of the proposed business or program. Fewer points will be assigned to proposals as to which management has limited directly relevant experience, although related experience will be taken into consideration.
- b. Loan structure Up to 10 points  
Projects and programs are expected to be able to repay the CAIP financing in a timely manner, to provide adequate security, and to leverage successfully other sources of capital. Maximum points will be given to projects and programs that appear to be able to repay the CAIP financing promptly with a reasonable rate of return, that provide adequate collateral or other forms of security, and that have attracted other financial resources. Fewer points will be given where proposed loan structures anticipate extended repayment, reductions in interest rate or fees, or limited or no collateral, and where the applicant cannot show that CAIP financing will be used to leverage significant additional financing.

c. Risk

Up to 10 points

All business ventures are expected to have risks associated with them, but the risks should be reasonable. The degree of a project or program's expected risk, including the project or program's probability of succeeding and repaying CAIP financing, is an important factor in its evaluation. The evaluation of a project or program's risk will take into account the depth of the analysis in its business plan of assumptions, market data, historical operating data, financing, and other pertinent matters. Maximum points will go to projects and programs that are

supported by historical operating data and identifiable opportunities for future growth, and include a significant direct equity investment by the business operator. Fewer points will be given to projects and programs that involve new, unproved operations, rely on questionable or unverifiable assumptions, or are highly dependent on debt financing.

d. Job creation

Up to 10 points

Maximum points will be given to projects and programs that create jobs in the same categories as those of the dislocated workers, clearly demonstrate the long term sustainable nature of the jobs created, and evidence participation with, and support from, existing worker assistance programs.

**4. Discretionary factors**

Up to 10 points

Discretionary points will be awarded based upon additional considerations, including but not limited to:

- a. the readiness of the project or program for immediate implementation and the time it will take to produce results;
- b. the potential for the project or program to stimulate further development;
- c. evidence of community involvement in, and support for, the project or program; and
- d. the project or program's expansion of the geographic diversity of the CAIP Direct Loan Program portfolio.

**3. CAIP Grant Program**

The Director of USCAIP Projects and/or the Director's designees will screen each application for a grant under the CAIP Grant Program to ensure that the application is complete and that the proposed project or program meets all eligibility requirements. An application will be disqualified if the proposed project or program fails to meet all of the eligibility requirements or if any of the required application materials is missing or incomplete.

Not all projects or programs that meet minimum eligibility criteria can be funded, as funding is limited and many grant applications are expected. Therefore, a competitive scoring system will be employed to determine which projects and programs will receive funding. Separate evaluation criteria and point values have been established for applications for specific project grants and applications for technical assistance grants. This subpart describes the evaluation criteria and point values for specific project grants and technical assistance grants.

After initial screening for eligibility and completeness, applications will be forwarded to the CAIP Funding Committee for selection of awardees according to scoring based on the evaluation criteria and point values described in this subpart. A list of the awardees will be forwarded by the Funding Subcommittee to the Finance Committee for its endorsement.

1. **Specific project grants**

- a. County job losses & need for transition assistance. Up to 10 points  
The extent of job losses attributable to NAFTA in the county in which the project or program is located and the county's average unemployment rate for the previous two calendar years and the most recent 12-month period preceding the date of application for which data are available will be evaluated. Evidence of other significant adverse impacts attributable to NAFTA and need for transition assistance will be considered if determined persuasive.

- b. Anticipated benefits. Up to 20 points  
The quality of the jobs anticipated to be created or preserved by the project or program will also be evaluated, including the estimated number of jobs, development of transferable skills, the average salaries of new jobs, and the extent of benefits or access to benefits associated with such jobs.

- c. Project quality.
  - i. Applicant's capability. Up to 15 points  
Each applicant's ability to administer and implement the project or program and achieve the anticipated benefits will be evaluated. The strength of the management team is a critical component to the success of any project. Several factors will be considered in evaluating the capability of each applicant, including the experience and skills of the management team and other key personnel, organizational strength and past performance, and relevant experience (successes and failures) with projects or programs similar to the proposed project or program. Maximum points will be given for projects and programs that have a management team with substantial relevant experience. Progressively less value will be given to projects and programs where management has limited or no relevant experience.

ii. Soundness of approach

Up to 15 points

The effectiveness and efficiency of the project or program in meeting transitional assistance needs of the Designated Eligible Area in which it is located will be evaluated. Among the factors to be considered are the extent to which the project or program is anticipated to be successful in creating or preserving jobs and the extent to which the project or program supplements, rather than duplicates, other projects or programs designed to create or preserve jobs in the county. Maximum points will be given to a work plan that is logical and feasible, provides benchmarks to measure actual performance, demonstrates that an applicant has an understanding of the steps required to implement the project or program, identifies the actions that it and others responsible for implementing the project or program must complete, includes a reasonable time schedule for carrying out the project or program, and documents realistically the resources (personnel and equipment) required to implement the project or program in the scheduled time frame. More points will be given to a work plan that identifies potential risks and challenges to successful implementation of the project or program and the steps the applicant plans to take to minimize them.

iii. Partnerships, alliances, and level of private sector commitment.

Up to 15 points

The extent to which state and local governments, community based organizations, unions, institutions of higher education, financial institutions, and others support and/or participate in the project or program will be evaluated.

iv. Leveraging resources.

Up to 10 points

The extent to which the project or program will use other public and private financial resources to leverage the CAIP financing made available under the CAIP Grant Program and increase the effectiveness of its use will be evaluated. A minimum ratio of other financial resources to CAIP grant funds is not prescribed. However, projects or programs that have the greatest ratio of other funds or in-kind services to CAIP grant funds will be given a greater number of points for leveraging resources. An application for CAIP financing under the CAIP Direct Loan Program may be considered “other funds” for calculation of the ratio. Examples of “in-kind services” that may be considered include, but are not limited to: third party

employee services, expendable equipment, office supplies, laboratory supplies, workshop and classroom materials, volunteer services, use of equipment, use of space in facilities, and donated equipment. Documentation of the commitment of funds and/or in-kind services to be provided by other sources must be submitted with the application to be considered.

- v. Link to larger strategic plan. Up to 5 points

The extent to which the project or program is part of a larger strategic community development plan and/or is consistent with broader regional development strategies will be considered. Maximum points will be given to projects and programs that build on existing plans for developing a comprehensive response.

- d. Discretionary factors Up to 10 points

Discretionary points will be awarded based upon additional considerations, including but not limited to the diversity of recipients (e.g., non-profit organizations, public and private institutions of higher education, state and local political subdivisions and agencies, and Indian tribal governments), project and program diversity, and overall geographic diversity.

2. **Technical assistance grants**

- a. County job losses and need for transitional assistance Up to 10 points

As with specific project grants, the extent of job losses attributable to NAFTA in the county in which the technical assistance will be provided and the county's average unemployment rate for the previous two calendar years and the most recent 12-month period preceding the date of application for which data are available will be evaluated. Evidence of other significant adverse impacts attributable to NAFTA and need for transition assistance will be considered if determined persuasive.

- b. Anticipated benefits. Up to 20 points

The quality of the jobs anticipated to be created or preserved as a result of the technical assistance requested will also be evaluated, including the estimated number of jobs, the average salaries of new jobs, and the extent of benefits or access to benefits associated with such jobs.

c. Program quality.

i. Applicant's capability.

Up to 15 points

Each applicant's ability to effectively use the technical assistance requested will be considered. The primary considerations in this rating factor are the skills and experience of the management team requesting the technical assistance. Does it have the skills to ensure, or will the assistance requested ensure, a high probability of success?

ii. Soundness of approach

Up to 20 points

The effectiveness and efficiency of the activity to receive the technical assistance in meeting transition assistance needs of the Designated Eligible Area in which the technical assistance is provided will be evaluated. The following factors will be considered: how well the activity to be supported serves the overall objectives of the financing program; the ability of the applicant to evaluate its capacity needs and develop a strategy for obtaining technical assistance; and the qualifications and experience of the proposed providers of technical assistance. If the applicant cannot identify specific technical assistance providers in its application, it must identify the requisite qualifications it will seek for such providers. More points will be given to technical assistance proposals that demonstrate a clear link to the needs and opportunities facing displaced workers and workers threatened with displacement. More points will also be given to technical assistance proposals that significantly increase the capacity of recipients to benefit displaced workers in the county.

iii. Partnerships, alliances and level of private sector commitment.

Up to 15 points

The extent to which state and local governments, community based organizations, unions, institutions of higher education, financial institutions, and others support and/or participate in the technical assistance proposal will be evaluated.

iv. Leveraging resources.

Up to 10 points

The extent to which the technical assistance proposal will use other public and private financial resources to leverage the CAIP financing made available under the CAIP Grant Program and increase the effectiveness of its use will be evaluated. A minimum ratio of other financial resources to CAIP grant funds is not prescribed. However, technical assistance proposals that have the greatest ratio of other funds or in-kind services to CAIP grant funds will be given a greater number of points for leveraging resources. An

application for CAIP financing under the CAIP Direct Loan Program may be considered “other funds” for calculation of the ratio. Examples of “in-kind services” that may be considered include, but are not limited to: third party employee services, expendable equipment, office supplies, laboratory supplies, workshop and classroom materials, volunteer services, use of equipment, use of space in facilities, and donated equipment. Documentation of the commitment of funds and/or in-kind services to be provided by other sources must be submitted with the application to be considered.

d. Discretionary factors

Up to 10 points

Discretionary points will be awarded based upon additional considerations, including but not limited to the diversity of recipients (e.g., non-profit organizations, public and private institutions of higher education, state and local political subdivisions and agencies, and Indian tribal governments), project and program diversity, and overall geographic diversity.



March 9, 2000

**SUBJECT:** Rural Business Enterprise Grant Program  
Empowerment Zones/Enterprise Communities and  
Rural Economic Area Partnerships  
Fiscal Year 2000 First Funding Round Selections

**TO:** State Directors, Rural Development

**ATTN:** Business Program Directors

We have recently completed the first funding cycle for the Empowerment Zones/Enterprise Communities (EZ/EC) and Rural Economic Area Partnerships (REAP). The National Office received 42 requests for funds totaling \$7,458,162. We are pleased to announce that 17 requests were selected for funding totaling \$2,965,991, as follows:

| <b>State</b> | <b>Applicant</b>                                 | <b>Amount Awarded</b> |
|--------------|--|-----------------------|
| <b>GA</b>    | Dooly County (Training Center)                   | \$60,391              |
| CA           | Buildings Horizons                               | \$99,000              |
| MS           | Mississippi Agribusiness Council                 | \$72,500              |
| MI           | MI Intergrated Food & Farming Systems            | \$95,000              |
| NM           | Tapetes De Lana                                  | \$99,920              |
| TN           | City of Brownsville                              | \$49,000              |
| IL           | City of Cairo                                    | \$100,000             |
| ND           | Dakota Certified Development Corporation (REAP)  | \$172,000             |
| FL           | Jackson County Board of County Commissioners     | \$199,980             |
| SD           | The Visions of SuAnne Big Crow, Inc.             | \$500,000             |
| OK           | City of Idabel                                   | \$500,000             |
| KY           | Wayne County EZ Industrial Development Authority | \$499,000             |
| AZ           | Arizona Council for Economic Conversion #1       | \$99,000              |
| PA           | Lock Haven University of Pennsylvania            | \$50,000              |
| OR           | Sunny Wolf Community Response Team               | \$150,000             |
| WA           | Colville Confederated Tribes                     | \$145,200             |
| WI           | Great Lakes Intertribal Council, Inc.            | \$75,000              |
|              | <b>Total</b>                                     | <b>\$2,965,991</b>    |

**EXPIRATION DATE:**  
Disregard when no longer needed.

**FILING INSTRUCTION:**  
Community/Business Programs

The next deadline for EZ/EC and REAP requests for funds is close of business March 31, 2000; approximately \$2 million will be available for competition. All requests must be e-mailed to Amy Cavanaugh (acavanau@urdev.usda.gov) by close of business March 31, 2000. **No consideration will be given to requests that are not e-mailed.**

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs  
Rural Business-Cooperative Service

March 1, 2000

SUBJECT: Rural Business Enterprise Grant Program  
National Office Reserve  
Fiscal Year 2000 First Funding Round Selections

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We have recently completed the first funding cycle for the National Office Reserve. The National Office received 25 requests for funds totaling \$2,066,572. We are pleased to announce that 7 requests were selected for funding totaling \$800,452, as follows:

| State | Applicant  | Amount Awarded   |
|-------|--|------------------|
| UT    | Ute Indian Tribe of the Uintah and Ourary          | \$20,700         |
| ME    | East Grand Snowmobile Club                         | \$15,000         |
| SD    | Northeast South Dakota Economic Corporation        | \$99,000         |
| GA    | Tattnall County Development Authority              | \$97,712         |
| WI    | Wisconsin Farmers Union                            | \$45,000         |
| VT    | George D. Aiken RC&D Council                       | \$423,040        |
| WV    | Greenbrier Valley Economic Development Corporation | \$100,000        |
|       | <b>Total</b>                                       | <b>\$800,452</b> |

The next deadline for National Office Reserve requests for funds is close of business June 30, 2000; approximately \$1,015,535 will be available for competition. This does not include any funds that may be pooled June 30, 2000. All requests must be e-mailed to Amy Cavanaugh (acavanau@rurdev.usda.gov) by close of business June 30, 2000. **No consideration will be given to requests that are not e-mailed.**

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Sent by facsimile on \_\_\_\_\_ @ \_\_\_\_\_ by SSD. State Directors should notify other officials as appropriate.

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTION:  
Community/Business Programs

February 24, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
North American Development Bank  
Community Adjustment and Investment Program  
Maximum Size Limitation

TO: State Directors, Rural Development

ATTN: Business Programs Directors

During the January 20, 2000, Administrator's teleconference, the National Office staff announced the \$5 million maximum size limitation on Community Adjustment and Investment Program (CAIP) loans. Subsequently, we were advised that the CAIP Finance Committee is still willing to consider proposals for above \$5 million, until a method for sharing loan costs for loans above \$5 million can be worked out with the U.S. Department of Agriculture. The Finance Committee has asked USDA to identify how the cost of making these loans (loans above \$5 million) can be shared/jointly funded through the regular Business and Industry Guaranteed Loan Program.

As before, in the case of a loan below the \$5 million threshold or the State loan approval authority delegation, it is to be submitted directly to Steve Levy for review and concurrence by the Deputy Administrator for Business Programs and the Administrator. The CAIP Finance Committee Loan Approval Subcommittee (Subcommittee) reviews the loan for eligibility and consistency with the CAIP Guidelines. If approved, the process is generally quick and the program level of the entire loan guarantee is funded by just one source - CAIP. Field staff prepare the loan documents as they are accustomed, with RBS generally taking first lien on many of the assets pledged as collateral.

Also, as before, if a loan is above the \$5 million threshold or the State loan approval authority, it will require processing by the Processing Division and approval by the National Office Executive Loan Committee. In addition, for a loan above the \$5 million threshold, it will require a review and a favorable recommendation by the Subcommittee, and approval by the full six-agency CAIP Finance Committee.

EXPIRATION DATE:  
February 28, 2001

FILING INSTRUCTIONS:  
Community/Business Programs

If you have any questions, please contact Steve Levy directly, (202) 720-5044.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

February 2, 2000

SUBJECT: Rural Business Opportunity Grants  
Manual Obligation Process

TO: State Directors, Rural Development

ATTN: Business Programs Directors

This unnumbered memorandum is being provided to give guidance regarding procedures to follow when obligating Rural Business Opportunity Grant (RBOG) set aside funds for the Empowerment Zones/Enterprise communities (EZ/EC) and Rural Economic Area Partnership (REAP) initiatives.

Obligations will be completed manually by the Finance Office. A copy of Form RD 1940-1 must be submitted to the Fiscal Control Branch (Fund Control Team), Mail Code FC-360, or submit by facsimile to 314-539-2756. Please provide a phone number and an e-mail address on all documents submitted. A confirmation memorandum will be sent to the Rural Development State Director by E-mail upon successful completion of the obligation process, and the original confirmation memorandum will be sent to the State Director.

Form RD 1940-1, "Request for Obligation", should have the following Type of Assistance code for the following:

288 Rural Business Opportunity Grants EZ/EC/REAP  
290 Rural Business Opportunity Grants REAP Set Aside

To cancel an obligation, the field office must mail or submit by facsimile, Form RD 1940-10, "Cancellation of US Treasury Check and/or Obligation", to the Finance Office. Obligation cancellations should be submitted to Mail Code FC-360, facsimile 314-539-2756.

EXPIRATION DATE:  
January 31, 2001

FILING INSTRUCTIONS:  
Community/Business Programs

State Office personnel may request detailed information concerning obligations from the Fiscal Control Branch (Fund Control Team) as needed, 314-539-2451.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachment: Simplified format for requesting B&I Guaranteed Funds

Instructions: Send one e-mail per applicant in the following format. If the project is not funded in a given monthly competition, it must be resubmitted in order to be considered for the next scheduled competition.

To be sent via e-mail to: "lpittman@urdev.usda.gov", cc: "dcarmon@urdev.usda.gov" and "fkieferl@urdev.usda.gov"

E-mail subject heading: "Request for B&I Guaranteed Funds"

We are requesting funds from the next available pool for the following project:

State:

Applicant Name:

Amount:

Senators:

Congressional District and Representative:

**To be funded from (designate one):**

National Reserve

EZ/EC Set-Aside

REAP Set-Aside

Cooperative Set-Aside

Special Initiative (PNW/Alaska) Set-Aside

FHLB Set-Aside

**Special terms requested (designate one):**

None

1% Fee

90% Guarantee

1% Fee & 90% Guarantee

Please provide a brief narrative of the business and any pertinent details, including leveraging of funds from other sources: The business is a bowling alley which received a State recreational grant of \$100,000; the balance of the project was funded from equity contributions. The proceeds were used as follows:

|                     |             |
|---------------------|-------------|
| Total Project Cost: | \$3,000,000 |
| Leveraged Funds:    | \$ 550,000  |
| B&I Amount          | \$2,450,000 |
| Acquire RE:         | \$1,000,000 |
| RE Development:     | \$ 450,000  |
| M&E:                | \$1,000,000 |
| Working Capital:    | \$          |
| Refinance:          | \$          |
| Loan Fees & Costs   | \$          |



Jobs created:

Jobs retained:

Total Jobs:

Average Wage Rate: \$9.59/hour

Loan to Job Ratio: (Loan / No. Jobs) \$54,444/job

Only if Administrator discretionary points are being requested, insert one paragraph justifying Administrator discretionary points: The loan will finance the acquisition and improvement of a value-added food processing facility. The project has unique merits because it is located in a high unemployment (1.7 times the state average) county that is targeted in our strategic plan for assistance.

January 31, 2000

SUBJECT: Business and Industry Guaranteed Loan Program  
Lender Orientation Video

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Attached, for your use, are two copies of a lender orientation video. This is not a general program outreach video. It was produced from a potential lender perspective, using participating lenders and borrowers and Rural Development State Office staff. This is an informational tool to be used by Rural Development staff in working with potential lenders. Additional copies for use by your staff may be requested by contacting the Processing Division Director in the National Office (202-690-4100).

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachments

Sent by hard copy by Business Programs Processing Division.

EXPIRATION DATE:  
February 28, 2001

FILING INSTRUCTIONS  
Community/Business Programs

January 19, 2000

SUBJECT: Business Programs Monthly Updates

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Attached are monthly funding charts for the Rural Business-Cooperative Service Business Programs as of December 23, 1999. As discussed during one of the Administrator's monthly teleconferences, we will be providing these, hopefully, on a monthly basis for your information and review. If you have any questions, please contact Sylvia Neal directly, (202) 720-2811.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachments (6 charts)

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

January 14, 2000

**SUBJECT:** Rural Business Enterprise Grant Program  
Congressionally Suggested / Requested Projects - Fiscal Year 2000

**TO:** State Directors, Rural Development

**ATTN:** Business Programs Directors

Attached is an incomplete listing of subject. This information is as of January 12, 2000; you will note that there are four projects listed (at the bottom of the chart) for which we have not been able to determine a State. As soon as we are able to confirm the States for these projects, we will provide a final listing. If you have any questions, please contact me directly, (202) 720-7287.

**WILLIAM F. HAGY III**  
Deputy Administrator  
Business Programs

Attachment (2 pages)

**EXPIRATION DATE:**  
September 30, 2000

**FILING INSTRUCTIONS:**  
Community/Business Programs

**RURAL BUSINESS ENTERPRISE GRANT PROGRAM**  
Congressionally Suggested / Requested Projects  
Fiscal Year 2000

| <b>State</b>     | <b>Description of Project</b>  | <b>By 1/</b> |
|------------------|--|--------------|
| <b>Requested</b> |  |              |
| AL               | A grant to upgrade water lines as a result of increased poultry and livestock operations in the County of Lawrence   | H            |
| AR               | Arkansas State University Entrepreneurial and Trade Center   | S            |
| CA               | Funds to assist construction of the Napa Valley Vintners Health Center project to house non-profit medical organizations serving the low-income farm population in Napa County                             | C            |
| FL               | Florida A&M University to establish a rural development program at the University of Florida/IFAS North Florida Research and Education Center to serve as a focus for rural economic community Development | S            |
| GA               | Assistance to the Agribusiness Center in Bulloch County  | H            |
| IL               | Pembroke Farming Cooperative (Kankakee County)   | C & S        |
| MD               | Funding for the Land Stewardship Alliance for a public outreach and education campaign to support and revitalize local agricultural communities  | H            |
| MA               | The Western Massachusetts Food Processing Center   | C            |
| MS               | The Delta Training Center (Indianola)  | C            |
| MT               | Premium Pork of Montana  | S            |
| MT               | The small business incubator in Northeastern Montana   | S            |
| NC               | Funding for the North Carolina Institute of Health and Safety in Agriculture ("Agromedicine Institute") for delivery of health services to farmers and farming communities.                                | H            |
| NC               | A rural business enterprise grant for the Self-Help Credit Union for assistance to low-income entrepreneurs  | H            |

|    |  |       |
|----|--|-------|
| ND | Continued support for the Renewable Resources Research Institute, which represents agricultural producers and cooperatives in South Dakota, North Dakota, Minnesota, and Colorado to increase farmers' income through development and commercialization of value-added products. | H     |
| NY | Rural Opportunities Enterprise Center, Inc., to support projects in the Mid-Hudson Valley region   | H     |
| NY | Agri-Edge Development Program in Syracuse  | H     |
| NY | Capacity building for the State of New York  | H     |
| NY | Support for a Consolidated Rural Service Delivery System Demonstration Project   | H     |
| NY | Support for expansion of the Peconic Bay Aquaculture Project in Suffolk County   | H     |
| OH | The Kettering Medical Center Healthy Hearts Program in Union County  | C     |
| OK | A grant to Rural Enterprises, Inc., of Durant, OK, for an innovative tax exempt bond program for assistance to rural communities   | H     |
| OR | Support for the development of value-added processing and marketing capabilities for the Oregon Albacore tuna industry   | H     |
| SC | South Carolina Cotton Museum (Bishopville)   | S     |
| SD | South Dakota Value-Added Agriculture Development Center  | S     |
| VA | Ninth District Development Financing, Inc., to promote tourism in Southwest Virginia   | S & H |
| VA | Assistance to Ninth District Development Financing, Inc., to promote tourism in southwest Virginia   | S     |
| VA | Funding for a new community health center in Haysi   | H     |
| VA | Funds for purchase and repair of a building in Craig County for use as an industrial shell building  | H     |
| VA | To create a regional industrial park for Bland, Giles, Craig, Montgomery, Pulaski, Roanoke, and Wythe Counties and the Cities of Radford, Roanoke, and Salem   | H     |

|       |  |   |
|-------|--|---|
| VA    | Small business incubators in southwest Virginia  | H |
| VA    | Renovation of a commercial building in Bristol for use as a small business incubator   | H |
| VA    | Small Business Innovation Research Grant for renovation of an industrial shell building in Glen Lyn  | H |
| VA    | Allegheny Highlands Economic Development Authority for a high technology industrial park   | H |
| VT    | Funding for development of agri-tourism projects in Vermont  | H |
| WV    | West Virginia Rural Health Infrastructure Loan Program   | S |
| WV    | City of Thomas for the acquisition and renovation of facilities to support the Virtual County Store/Mountain Made project  | S |
| WI    | For the Impact Seven Project in Almena   | C |
| Multi | Continued support for the Renewable Resources Research Institute (which represents agriculture producers and cooperatives in South Dakota, North Dakota, Minnesota, and Colorado to increase farmers' income through development and commercialization of value-added products | S |
| ?     | Rural Economic Development Through Tourism (REDIT)   | S |
| ?     | Cut Bank Tourism Information Center  | S |
| ?     | Mission Valley Market Project  | S |
| ?     | Vandalia Heritage Foundation for rural, economic, and business development activities through a revolving loan fund  | H |

Requested By 1/: C=Conference Report / S=Senate / H=House Report

January 7, 2000

**SUBJECT:** Business Programs Priority Goals and Congressional Directives  
Fiscal Year 2000 State Quarterly Status Report

**TO:** State Directors, Rural Development

**ATTN:** Business Programs Directors

For Fiscal Year (FY) 2000, the Rural Business-Cooperative Service (RBS) will continue to manually collect information that is needed to monitor accomplishments of the Administrator Priority Goals and Congressional Directives. You should continue reporting in the same manner via fax and electronic mail as used in FY 1999. The reports will be due quarterly by the fifth workday of the month following the end of the quarter.

Due to the lateness in issuing this guidance to the field, the first report will not be due until January 21, 2000. As last year, we will collect data only for those goals whose accomplishments are not captured in any RBS management information system. Developments to existing management information systems continue to be made, and, once fully incorporated, manual reporting can be eliminated.

Information for Administrator Priority Goals 1B, 4A, and 4B is available through other RBS information management systems and will not be collected on this report. Information for FY 2000 Administrator Priority Goals 2A, 2B, and 3A will be collected in the State Quarterly Status Report. We are providing instructions and clarification on the Goals to be reported as follows:

**Goal 2A:**

Each State is requested to submit information pertaining to the numbers and dollar amounts of loans and grants provided to small farmers, especially minorities, women, and beginning farmers, and other minority and women-owned businesses. This information should be reported for projects obligated this fiscal year and will be cumulative.

**EXPIRATION DATE:**  
January 31, 2001

**FILING INSTRUCTIONS:**  
Community/Business Programs



A small farm is defined by the Report of the USDA National Commission on Small Farms as a farm “. . .with less than \$250,000 gross receipts annually, on which day-to-day labor and management are provided by the farmer and/or the farm family that owns the production or owns, or leases, the productive assets. “

A beginning farm is defined by the Farm Service Agency as (1) a farm or ranch that has operated for 10 years or less, (2) does not own farm property totaling more than 25 percent of the average county farm or ranch acreage, and (3) is owned and operated by an individual or a business entity.

RBS has adopted these definitions.

**Goal 2B:**

Requires each State to report dollars spent in each Business Program (Business and Industry Guaranteed and Direct, Intermediary Relending Program, Rural Business Enterprise Grant, Rural Economic Development Loan and Grant, and Rural Business Opportunity Grant).

In addition, under “Other Initiative Regions,” States should indicate in which targeted areas the dollars were spent, i.e., persistent poverty/out-migration, economically/physically impacted, base closures, Rural Economic Area Partnership (REAP) Zones, Special Initiatives, State Strategic Plan priority target areas, Armament Retooling and Manufacturing Support, North American Development Bank, small farms, and Empowerment Zones/ Enterprise Communities. The State Strategic Plan priority targeted areas are those the State has identified in the State Strategic Plan, other than the Rural Development mission area identified targeted areas, that are unique to a specific State.

Special Initiatives applies only to Alaska, California, Oregon, and Washington. The total dollar amounts obligated during the quarter will be reported in the quarterly report for each program. The dollars obligated and reported will be cumulative, i.e., the first quarter report will contain dollars obligated during the first quarter, the second quarter report will record the total of the first and second quarters, and so on.

**Goal 3A:**

Each State Office is asked to submit a copy of each Memorandum of Understanding or written evidence of formal arrangements or partnerships entered into during the quarter. This information is reported by the quarter and is not cumulative.

Attached is an example of the State Quarterly Status Report. Please be sure to indicate your State on the report and check the quarter for which you are reporting. Submit this information to Elsa De León by e-mail (Elsa.DeLeon@usda.gov) or by fax, (202) 690-0097.

Please refer any questions or comments to the Business Programs Deputy Administrator,  
(202) 720-0813.

DAYTON J. WATKINS  
Administrator  
Rural Business-Cooperative Service

Attachment

ATTACHMENT

## STATE QUARTERLY STATUS REPORT

STATE : \_\_\_\_\_

1st Qtr.

2nd Qtr.

3rd Qtr.

4th Qtr.

PRIORITY  
GOAL

B& I  
GUARANTEED

B&I  
DIRECT

IRP

RBEG

REDL

REDG

RBOG

Persistent Property/Out-migration  
(Declining Population)

Economically/Physically Impacted  
Base Closures

REAP Zones (NY and ND)

Special Initiatives  
(AK, CA, OR, and WA)

Strategic Plan Priority Target

Areas Unique to State

Small Farmers

Beginning Farmers

Ag-Tourism Development

Regional Planning Activities

by Local Government

Minority and Women-Owned Business

Totals:

Note: Gray areas indicate no reporting for that program and priority goal.

November 8, 1999

TO: State Directors  
Rural Development

FROM: Jill Long Thompson  
Under Secretary  
Rural Development

SUBJECT: Security Requirements for Loans to Native Americans

This memorandum is being issued to clarify security requirements for Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service direct loans and grants made to federally recognized American Indian tribes and Alaskan Native villages. The Bureau of Indian Affairs (BIA) publishes a list of federally recognized Indian tribes eligible to receive services from BIA. The United States recognizes the tribal entities included on the BIA list as sovereign nations. The unique status of American Indian and Alaskan Native tribes requires prudent judgment when determining security requirements.

The Office of the General Counsel (OGC) has reviewed the issue of tribal sovereign immunity. There is no Supreme Court decision that tribal sovereign immunity precludes suits by the Federal Government. The clear weight of the law is that the Government is not barred from bringing an action against an Indian tribe on the basis of the doctrine of tribal sovereign immunity. For this reason, we conclude that it is unnecessary for Rural Development agencies to include a provision waiving sovereign immunity in its contracts with, or loans to, Indian tribes.

The doctrine of tribal sovereign immunity would preclude guaranteed lenders from bringing actions against Indian tribes. In order for a guaranteed lender to bring enforcement or liquidation action against an Indian tribe, the lender would need to be covered by a waiver of sovereign immunity.

For questions concerning this memorandum, please contact your Regional Attorney.

EXPIRATION DATE:  
October 31, 2000

FILING INSTRUCTIONS:  
Community/Business  
Programs

November 2, 1999

SUBJECT: Report of Unauthorized Assistance  
PRIVATE

TO: State Directors, Rural Development

ATTN: Business Programs Directors

In accordance with RD Instruction 1951-O, section 1951.711(d), each State Office is required to submit an annual report, within 30 days following the end of the fiscal year, for each case of unauthorized assistance or subsidy benefits. For each case, the report will include the account name, case number, fund code, Office of Inspector General audit number (if applicable), amount collected during the period, and the balance owed on the unauthorized assistance. Likewise, a negative report is required from States which have no unauthorized assistance cases. Reports should be sent to Rural Business-Cooperative Service Business Programs, Attn: Director, Servicing Division.

Your prompt attention in this matter is appreciated. If you have any questions, please contact Concepcion Malazo, Senior Loan Specialist, Business Programs Servicing Division, (202) 690-3810.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

EXPIRATION DATE:  
September 30, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

November 2, 1999

REPLY TO  
ATTN OF: FC-360

SUBJECT: Y2K Business Continuity Contingency Plan (BCCP)

TO: Rural Development State Directors  
National Office Officials

As part of the Y2K BCCP, the Deputy Chief Financial Officer (DCFO) staff has identified mitigation strategies in the unlikely event that critical fiscal year (FY) 2000 business functions are adversely impacted by prolonged systems failures, which could occur at the beginning of either the fiscal or calendar year. The inability to process obligation and disbursement requests and cancellations to the automated systems has been identified as an action item requiring manual mitigation strategies (see attached). These procedures are being provided to you, as advance notification of what may be required. We have dedicated a phone line for the purpose of updating field offices on the status of the various automated systems. Your offices may call 314-539-6294 as frequently as needed to determine the current status of the automated systems. No manual procedures are to be implemented until the message on the information line instructs systems users to do so.

As systems become operational, various DCFO organizations will be responsible for ensuring that all obligations, deobligations, disbursements, and disbursement cancellations processed manually are updated timely and accurately to the systems. Depending upon the volume of manual activity, this could be a lengthy process that would require field office cooperation and support.

If you have any questions, please call the contacts shown on the attachments.

LEONARD HARDY, JR.  
Deputy Administrator  
for Operations and Management  
Rural Development

2 Attachments

EXPIRATION DATE:  
October 19, 2000

FILING INSTRUCTIONS:  
Administrative/Other Programs

## ATTACHMENT 1

### OBLIGATIONS/DEOBLIGATIONS OF LOANS AND GRANTS

#### Obligations

If FY 2000 loan and grant obligations cannot be processed through automated systems due to prolonged automation problems, Fiscal Control Branch (FCB) will implement a manual fund control process utilizing standalone PC applications. If notified via the information phone line to begin manual processing, National Office program and/or field office staffs should fax or mail the appropriate, properly completed and signed loan and/or grant obligation request forms to FCB to verify that funds are available. Each form should include the name, phone number, fax number, and e-mail address of a point of contact for FCB reference purposes. The field will not be able to inquire on the status of each obligation request. FCB will fax or e-mail confirmation notices to requesters regarding obligations funded manually. No obligation should be assumed to be funded unless the requesting office has received written confirmation via fax or e-mail from FCB. If manual obligation processes are implemented, only minimal reporting will be provided until such time as the systems are operational and all manually processed data has been updated to them.

#### Deobligations

If notified via the information phone line to begin manual processing, National Office program and/or field office staffs should fax or mail the appropriate, properly completed and signed loan and/or grant deobligation forms to FCB for update to PC applications and reports.

#### Points of Contact for Obligations/Deobligations

##### Primary Contact/Phone

Mildred Meyers

(314) 539-2452

##### Alternate Contact/Phone

Rob Greitens

(314) 539-3555

##### Primary Fax Number

(314) 539-2756

##### Alternate Fax Numbers

(314) 539-3041

##### Alternate Fax Numbers

(314) 539-2755

##### Alternate Fax Numbers

(314) 539-6269

#### Mailing Address

Rural Development

FC-360

P.O. Box 200011

St. Louis, Missouri 63120-0011



## Attachment 2

### DISBURSEMENTS/DISBURSEMENT CANCELLATIONS FOR LOANS AND GRANTS

#### Disbursements

To request a disbursement, the field office should mail, fax, e-mail, or phone the request to the DCFO, Cash Management Branch, at Rural Development, FC-363, P.O. Box 200011, St. Louis, Missouri 63120-0011, fax number (314) 539-3062, e-mail address [fcbl23@stl.rural.usda.gov](mailto:fcbl23@stl.rural.usda.gov), or phone number (314) 539-2424. The request MUST BE received by the DCFO no later than 12:30 P.M. CST. The request must include:

- Borrower Name
- Case Number
- Amount of Loan
- Type of Assistance
- Undisbursed Balance
- Check Request Amount
- Payee Name
- Bank Routing Number
- Payee Bank Account Number
- Name and Phone Number of Person Sending Request

#### Disbursement Cancellations

To cancel a disbursement, the field office should follow the contingency plan established for the return of monies. The field office should mail or fax a copy of Rural Development Form 1940-10, Cancellation of U.S. Treasury Check and/or Obligation to the DCFO at mail code FC 363 or fax number 314-539-3062.

Staffing levels are limited, so we are unable to process the same number of disbursements that are processed systematically today. Therefore we are asking that disbursement requests be made through the State Office, who should then determine the urgency and the priority of the requests.

Once the system is restored, the DCFO will post the disbursements to the borrower's account. Depending on the number of requests processed manually, this process may take some time. Therefore, we are asking that the field offices keep stringent records of the requests that are processed manually by the DCFO. Please be certain of the undisbursed balance when ordering additional funds through the automated system after it becomes available. If there is any question as to whether a payment was made manually, please contact the DCFO at the above listed number.

October 25, 1999

SUBJECT: Emergency Oil and Gas Guaranteed Loan Program

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Please be advised that the Emergency Oil and Gas Guaranteed Loan Program regulations were published in the Federal Register on October 18, 1999, with an application window expiring December 30, 1999. For information on this emergency guaranteed loan program, a copy of the regulations, application forms and evaluation criteria, please visit the U.S. Department of Commerce website, [www.doc.gov](http://www.doc.gov). If you have any questions concerning this, please contact my office, (202) 720-7287.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

EXPIRATION DATE:  
October 31, 2000

FILING INSTRUCTIONS:  
Community/Business Programs

October 6, 1999

SUBJECT: "The Small Business Financial Resource Guide"

TO: State Directors, Rural Development

We have received a smaller than usual supply of the May 1999 "Small Business Financial Resource Guide" (one copy attached) and are sending only 25 copies under separate cover to each State Office. As before, the listing for the "U.S. Dept. Of Agriculture State Office" (with city and telephone number) has been included under "State-Specific Resources", which begins on page 74. You will note that the Business Programs information has not been updated -- this is a reprint of the April 1998 version with the "FY 1998 Funding Level" line eliminated. The revised brochure is blue in color; it is not necessary to discard any supply of the green April 1998 copies - the information is basically identical. Please let us know if you need any additional copies.

WILLIAM F. HAGY III  
Deputy Administrator  
Business Programs

Attachment

Sent by hard copy by DABP.

EXPIRATION DATE:  
October 31, 2000

FILING INSTRUCTIONS:  
Community/Business Programs